

Message Text

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INFO OCT-01 ISO-00 /001 W

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FM USDEL SECRETARY IN JERUSALEM

TO SECSTATE WASHDC FLASH

C O N F I D E N T I A L SECTION 1 OF 4 SECTO 10210

NODIS

HANDLE AS EXDIS

DELIVER AT THE OPENING OF BUSINESS

FOR ENDERS (EB) AND LEWISH (SP) FROM LORD

PLEASE PASS TO MOYNIHAND FOR HIS REVIEW

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.), UNGA

SUBJ: UNGA SPEECH

FOLLOWING IS A ACCELERATING ECONOMIC GROWTH SECTION OF

DRAFT NUMBER 10. OTHER SECTIONS WILL COME AS THEY ARE

COMPLETED. IN GOING OVER THIS DRAFT OF THE SPEECH, BE SURE

TO CHECK ALL FIGURES AND FACTS AND FILL IN THE BLANKS IN

ADDITION TO OTHER COMMENTS. PLEASE PASS THE ENTIRE DRAFT

TO MOYNIHAN FOR HIS REVIEW. WE NEED YOUR COMMENTS BY

MIDDAY SUNDAY.

3. ACCELERATING ECONOMIC GROWTH

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1. IT IS NOT ENOUGH TO ENSURE THE MINIMAL ECONOMIC SECURITY

OF THE DEVELOPING COUNTRIES. DEVELOPMENT IS A PROCESS OF GROWTH, OF ACCELERATION, OF GREATER PRODUCTIVITY, HIGHER LIVING STANDARDS, AND SOCIAL TRANSFORMATION. THIS IS A PROCESS REQUIRING THE INFUSION OF CAPITAL, TECHNOLOGY, AND MANAGERIAL SKILLS ON A MASSIVE SCALE.

2. DEVELOPING COUNTRIES THEMSELVES WILL HAVE TO PROVIDE MOST OF THE EFFORT, BUT INTERNATIONAL SUPPORT IS INDISPENSABLE. EVEN A MODERATE ACCELERATION OF RECENT GROWTH RATES WILL REQUIRE SOME \$40 BILLION A YEAR IN OUTSIDE CAPITAL BY 1980. THE REQUIREMENT FOR TECHNOLOGICAL INNOVATION, THROUGH IMPOSSIBLE TO QUANTIFY, IS SIMILARLY GREAT.

3. HOW CAN THESE NEEDS FOR CAPITAL, TECHNOLOGY, AND SKILLS BE MET?

4. BILATERAL CONCESSIONAL ASSISTANCE FROM THE INDUSTRIALIZED COUNTRIES HAS BEEN ONE IMPORTANT SOURCE. LAST YEAR IT AMOUNTED TO SOME \$7.2 BILLION. THIS MUST CONTINUE TO GROW. BUT REALISTICALLY, WE CANNOT EXPECT THE LEVEL TO INCREASE SIGNIFICANTLY OVER THE COMING YEARS. TO PUT IT FRANKLY, THE POLITICAL CLIMATE FOR BILATERAL AID HAS DETERIORATED.

IN THE INDUSTRIAL COUNTRIES, SUPPORT FOR AID HAS BEEN ERODED

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BY DOMESTIC ECONOMIC SLOWDOWN, COMPOUNDED BY ENERGY PROBLEMS; IN THE DEVELOPING COUNTRIES, THERE IS RESENTMENT AT FORMS OF ASSISTANCE WHICH IMPLY DEPENDENCE.

5. THE OIL EXPORTERS HAVE ONLY BEGUN TO MEET THEIR RESPONS-

BILITY FOR ASSISTANCE TO THE POORER COUNTRIES. LAST YEAR

THEIR AID DISBURSEMENTS REACHED ROUGHLY \$5 BILLION; IT COULD

-- AND MUST -- RISE SUBSTANTIALLY THIS YEAR.

6. BUT THE INDUSTRIAL NATIONS AND THE OIL EXPORTERS CANNOT,

EVEN TOGETHER, SUPPLY ALL THE NEW RESOURCES NEEDED TO ACCELER-

ATE DEVELOPMENT. IT FOLLOWS INESCAPABLY THAT THE REMAINING

NEEDS FOR CAPITAL AND TECHNOLOGY CAN ONLY BE MET, DIRECTLY OR

INDIRECTLY, FROM THE VAST POOL OF PRIVATE SOURCES. THIS

INVESTMENT WILL TAKE PLACE ONLY IF THE CONDITIONS EXIST TO

ATTRACT OR PERMIT IT. THE UNITED STATES THEREFORE BELIEVES

IT IS TIME FOR THE WORLD COMMUNITY TO ADDRESS THE BASIC

MENT NEEDED FOR ACCELERATING GROWTH IN DEVELOPING COUNTRIES:

-- FIRST, WE MUST IMPROVE DEVELOPING COUNTRIES' ACCESS

TO CAPITAL MARKETS.

-- SECOND, WE MUST ENABLE THEM TO OBTAIN NEW TECHNOLOGY

AND ADAPT IT TO THEIR SPECIAL REQUIREMENTS.

-- THIRD, IT IS TIME TO REACH AN INTERNATIONAL CON-
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SENSUS ON THE PRINCIPLES TO GUIDE THE BENEFICIAL OPERATION
OF TRANSNATIONAL CORPORATE ENTERPRISES.

7. FIRST, ACCESS TO CAPITAL MARKETS.

8. THE PRIVATE CAPITAL MARKETS ARE ALREADY A MAJOR SOURCE

OF DEVELOPMENT FUNDS, EITHER DIRECTLY OR THROUGH INTERMED-

IARIES. THE WORLD BANK AND THE REGIONAL DEVELOPMENT BANKS

BORROW EXTENSIVELY TO LEND TO DEVELOPING NATIONS. THE

UNITED STATES URGES THE EXPANSION OF THESE PROGRAMS. WE ARE

GRATIFIED THAT ADVANCED COUNTRIES OUTSIDE OF THE WESTERN
HEMISPHERE ARE JOINING US SHORTLY IN A \$6 BILLION EXPANSION
OF THE INTER-AMERICAN DEVELOPMENT BANK. WE WILL CONTINUE OUR
SUPPORT OF THE ASIAN DEVELOPMENT BANK. AND WE ARE SEEKING
CONGRESSIONAL AUTHORITY TO JOIN THE AFRICAN DEVELOPMENT FUNDS.

9. BUT THE DEVELOPING COUNTRIES THAT HAVE BEEN MOST SUCCESSFUL
AND THAT NO LONGER REQUIRE CONCESSIONAL AID, ESPECIALLY IN
ASIA AND LATIN AMERICA, HAVE RELIED HEAVILY ON DIRECT BORROW-
IN THE CAPITAL MARKET. THEY HAVE RAISED CLOSE TO \$10
BILLION ANNUALLY FROM THIS SOURCE. THEIR FUTURE ACCESS MUST
BE ASSURED.

10. DEVELOPING COUNTRIES TEND TO BE RESIDUAL BORROWERS, LAST
IN AND FIRST OUT. THEY SUFFER MOST FROM CAPITAL SHORTAGES;

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FUNDS ARE OFTEN LEAST AVAILABLE TO THEM WHEN MOST NEEDED.
AND MANY OF THEM NEED HELP TO DEVELOP THE KNOWLEDGE AND SKILLS
NEEDED TO SEEK FUNDS PROFITABLY IN THE LONG-TERM CAPITAL MARKET.

11. THE BASIC DIMENSIONS OF CREDITWORTHINESS -- THE ABILITY

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C O N F I D E N T I A L SECTION 2 OF 4 SECTO 10210

NODIS

HANDLE AS EXDIS

DELIVER AT THE OPENING OF BUSINESS

FOR ENDERS (EB) AND LEWIS (SP) FROM LORD

PLEASE PASS TO MOYNIHAN FOR HIS REVIEW

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.) UNGA

SUBJ: SPEECH

OF A COUNTRY TO USE CAPITAL PRODUCTIVELY -- CANNOT BE

ACQUIRED OVERNIGHT. BUT WE CAN AND MUST MAKE SURE THAT THE
MARKETS ARE RESPONSIBLE TO THE VAST OPPORTUNITIES THAT EXIST
IN THE DEVELOPING COUNTRIES. WE MUST FIND NEW WAYS TO ENHANCE
THEIR ABILITY TO COMPETE. AND WE MUST CHANNEL FUNDS THROUGH
A WIDER VARIETY OF INSTITUTIONS, PARTICULARLY DEVELOPMENT

BANKS, FINANCE CORPORATIONS AND PRIVATE ENTERPRISE.

12. SEVERAL COURSES OF ACTION OFFER PROMISE. FIRST, THE

UNITED STATES WILL SUPPORT A MAJOR EXPANSION OF THE RESOURCES

OF THE WORLD BANKS' INTERNATIONAL FINANCE CORPORATION--

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THE INVESTMENT BANKER WITH THE BROADEST EXPERIENCE IN SUPPORT-

ING PRIVATE ENTERPRISE IN DEVELOPING COUNTRIES. WE PROPOSE

AN INCREASE IN THE IFC'S CAPITAL, FROM \$400 MILLION TO

\$450 MILLION.

13. SECONDLY, THE UNITED STATES PROPOSES CREATION OF AN

INTERNATIONAL INVESTMENT TRUST, TO MOBILIZE PORTFOLIO CAPITAL
FOR INVESTMENT IN LOCAL ENTERPRISES. THE TRUST WOULD ATTRACT
NEW CAPITAL BY OFFERING INVESTORS A UNIQUE OPPORTUNITY --
PARTICIPATION IN A MANGED, BROAD SELECTION OF INVESTMENTS IN
DEVELOPING-COUNTRY FINRS, PUBLIC AND PRIVATE AND MIXED. THE
INTERNATIONAL FINANCE CORPORATION WOULD MANAGE IT AND PERHAPS
PROVIDE SEED CAPITAL, BUT MOST OF ITS FUNDS WOULD COME FROM
MEMBER COUNTRIES AND RPRIVATE INVESTORS. INVESTORS WOULD BE
INSURED AGAINST LOSSES BY A \$250 MILLION LOSS-RESERVE FUNDS,
CONTRIBUTED BY GOVERNMENTS OF ALL PARTICIPANTS -- INDUSTRIALIZED,
OIL-PRODUCING, AND DEVELOPING NATIONS. THIS INSTITUTION COULD
BE A POWERFUL LINK BETWEEN THE CAPITAL MARKET AND THE DEVELOP-
ING WORLD, AND COULD PROVIDE BILLIONS OF DOLLARS OF ESSENTIAL
RESOURCES.

14. (WASHINGTON: PLEASE SCRUTINIZE AND CLARIFY THE ABOVE.

WHAT IS A LOSS RESERVE FUND? HOW MUST WILL U.S. CONTRIBUTE?
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IS THIS A GUARANTEE OF DIRECT BORROWING? HOW DOES THIS
RELATE TO SEEK MONEY OF THE IFC? WHAT IS DIFFERENCE BETWEEN

"SEED MONEY" AND "LOSS RESERVE?" IS THIS STILL A TRUST FUND

SCHEME? WHAT IS THE RELATIONSHIP TO IMF?)

15. THIRDLY, THE UNITED STATES WILL CONTRIBUTE ACTIVELY

TO THE WORK OF THE IMF/WORLD BANK DEVELOPMENT COMMITTEE

TO FIND WAYS TO ASSIST DEVELOPING COUNTRIES IN THEIR DIRECT

BORROWING IN THE CAPITAL MARKET. THE LATIN AMERICAN COUNTRIES

ARE CONSIDERING A REGIONAL FINANCIAL SAFETY NET TO SUPPORT
THEIR ACCESS TO PRIVATE CAPITAL MARKETS. (WASHINGTON: HOW)
THE UNITED STATES IS PREPARED TO PROVIDE TECHNICAL ASSISTANCE
AND EXPERTISE TO THESE AND OTHER COUNTRIES READY TO ENTER
LONG-TERM CAPITAL MARKETS, AND WE ASK OTHERS TO JOIN US.

16. FINALLY, THE UNITED STATES BELIEVES THAT ALL INDUSTRIAL
COUNTRIES SHOULD SYSTEMATICALLY REVIEW THE CONDITIONS FOR
DEVELOPING-COUNTRY ACCESS TO THEIR NATIONAL MARKETS, TO ASSURE
THAT THEY OFFER FAIR AND OPEN OPPORTUNITY.

17. DEVELOPING COUNTRIES NEED NOT ONLY NEW FUNDS BUT NEW
TECHNOLOGY. YET THE MECHANISMS FOR THE TRANSFER OF TECHNOLOGY
AND FOR ITS LOCAL DEVELOPMENT ARE LIMITED, AND ARE SELDOM
AT THE SOLE COMMAND OF NATIONAL GOVERNMENTS. AND THE
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TECHNOLOGIES OF INDUSTRIAL COUNTRIES MUST OFTEN BE ADAPTED
TO LOCAL ECONOMIC AND SOCIAL CONDITIONS. NEW INSTITUTIONS
AND NEW APPROACHES ARE THEREFORE REQUIRED.

18. FOR TECHNOLOGY TO SPUR DEVELOPMENT, IT MUST SPUR GROWTH
IN PRIORITY AREAS: ENERGY, FOOD, OTHER RESOURCES STRATEGIC
TO THEIR ECONOMIES, AND INDUSTRIALIZATION ITSELF.

19. ENERGY FIRST, IS CRITICAL FOR BOTH AGRICULTURAL AND
INDUSTRIAL DEVELOPMENT. THE ENORMOUS RISE IN THE COST OF OIL
IN THE LAST TWO YEARS HAS MORE THAN WIPED OUT THE TOTAL
OF THE FOREIGN AID THAT DEVELOPING COUNTRIES HAVE RECEIVED.
IT HAS UNDERMINED THEIR BALANCE OF PAYMENTS AND HAS MORTGAGED

THEIR FUTURE BY FORCING THEM INTO LARGER BORROWING AT HIGHER
INTEREST RATES. THERE IS NO EASY SHORT-TERM SOLUTION. BUT
IF ENERGY DEPENDENCE IS TO BE REDUCED, EFFORTS TO EXPLOIT
NEW AND DIVERSIFIED SOURCES MUST BE INTENSIFIED NOW.

-- THE UNITED STATES INVITES OTHER NATIONS TO JOIN US IN
AN INCREASE OF BILATERAL SUPPORT FOR TRAINING AND TECHNICAL
ASSISTANCE TO HELP DEVELOPING COUNTRIES FIND AND EXPLOIT
NEW SOURCES OF FOSSIL FUEL AND OTHER FORMS OF ENERGY.

-- METHODS OF DISCOVERING AND UTILIZING LESS ACCESSIBLE

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OR LOW-GRADE RESOURCES MUST BE FULLY UTILIZED. SO MUST
TECHNOLOGY TO PRODUCE SOLAR, HYDRO, AND GEOTHERMAL POWER,

AS WELL AS CONVENTIONAL HYDROCARBON AND NUCLEAR FUELS.

AND THESE TECHNIQUES MUST BE SUITED TO THE CONDITIONS OF THE
DEVELOPING COUNTRIES.

-- THE UNITED STATES BELIEVES THE TOPIC OF ENERGY

COOPERATION SHOULD BE HIGH ON THE AGENDA FOR THE FORTHCOMING
DIALOGUE BETWEEN CONSUMERS AND PRODUCERS. WE WILL PROPOSE,

IN THIS DIALOGUE, CREATION OF AN INTERNATIONAL ENERGY INSTITUTE

BRINGING TOGETHER DEVELOPED AND DEVELOPING, CONSUMER AND

PRODUCER, ON THE PARTICULAR PROBLEM OF ENERGY DEVELOPMENT.

THE INTERNATIONAL ENERGY AGENCY AND THE INTERNATIONAL ATOMIC

ENERGY AGENCY SHOULD BOTH FIND WAYS TO GIVE TECHNICAL

ASSISTANCE AND SUPPORT TO THIS INSTITUTE.

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C O N F I D E N T I A L SECTION 3 OF 4 SECTO 10210

NODIS

HANDLE AS EXDIS

DELIVER AT THE OPENING OF BUSINESS

FOR ENDERS (EB) AND LEWIS (SP) AND FROM LORD

PLEASE PASS TO MOYNIHAN FOR HIS REVIEW

20. A SECOND CRITICAL AREA FOR TECHNOLOGICAL INNOVATION

IS FOOD PRODUCTION AND IMPROVEMENT OF NUTRITION.

-- DURING THE PAST DECADE, A NUMBER OF INTERNATIONAL

AGRICULTURAL RESEARCH CENTERS HAVE BEEN ESTABLISHED TO ADAPT

TECHNIQUES TO LOCAL NEEDS AND CONDITIONS. IN 1971, THE

CONSULTATIVE GROUP FOR INTERNATIONAL AGRICULTURAL RESEARCH

WAS FORMED TO COORDINATE THESE EFFORTS. THE UNITED STATES

IS PREPARED TO EXPAND THE CAPACITY OF THESE INSTITUTES,

IN COLLABORATION WITH NATIONAL RESEARCH ORGANIZATIN.

WITH MORE SKILLED MANPOWER AND FUNDS, THEY COULD GROW INTO

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A WORLDWIDE RESEARCH NETWORK FOR DEVELOPMENT OF
AGRICULTURAL TECHNOLOGY.

-- WE HAVE ALSO SUBMITTED TO THE CONGRESS LEGISLATION
EO ENABLE OUR UNIVERSITIES TO EXPAND THEIR TECHNICAL
ASSISTANCE AND RESEARCH IN THE AGRICULTURAL FIELD.

21. NON-FOOD AGRICULTURAL AND FORESTY PRODUCTS ARE A
THIRD STRATEGIC AREA FOR TECHNOLOGICAL ASSISTANCE. THE
EXPORT EARNINGS OF MANY OF THE POOREST COUNTRIES -- AND
THE LIVELIHOOD OF MANY MILLIONS OF THEIR PEOPLE -- DEPEND
ON SUCH PRODUCTS AS TIMBER, JUTE, COTTON, AND NATURAL RUBBER,
SOME OF WHICH HAVE ENCOUNTERED SERIOUS PROBLEMS IN THE FACE
OF SYNTHETICS. THEY CURRENTLY NEED ASSISTANCE TO IMPROVE THEIR
PRODUCTIVITY AND COMPETITIVENESS OF THESE PRODUCTS AND TO
DIVERSIFY THEIR ECONOMIES.

-- THE UNITED STATES THEREFORE PROPOSES CREATION OF AN
AID CONSORTIUM TO COORDINATE AND FINANCE SUCH ASSISTANCE.
ITS TASK WILL BE TO ATTRACT MANPOWER AND CAPITAL FOR RESEARCH,
MUCH OF IT IN PRODUCING COUNTRIES. THE FINANCING OF THIS
EFFORT SHOULD BE A PRIORITY TASK FOR THE NEW INTERNATIONAL
FUND FOR AGRICULTURAL DEVELOPMENT.

22. BUT DEVELOPING COUNTRIES' NEED FOR TECHNOLOGY IS NOT
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ONLY FOR DEVELOPMENT OF STRATEGIC SECTORS, BUT FOR THE BROAD
PROMOTION OF INDUSTRIALIZATION ITSELF. THIS REQUIRES THE

BROADEST APPLICATION OF SKILLS, RESOURCES, INFORMATION AND

-- TO THIS END THE UNITED STATES PROPOSES CREATION OF

AN INTERNATIONAL INDUSTRIALIZATION INSTITUTE, TO SPONSOR

AND CONDUCT RESEARCH ON INDUSTRIAL TECHNOLOGY TOGETHER WITH
THE GOVERNMENTS, INDUSTRIES, AND RESEARCH FACILITIES OF
DEVELOPING COUNTRIES.

-- WE PROPOSE CREATION OF AN INTERNATIONAL CENTER FOR

THE EXCHANGE OF TECHNOLOGICAL INFORMATION, AS A CLEARING

HOUSE FOR THE SHARING OF ONGOING RESEARCH AND NEW FINDINGS
RELEVANT TO DEVELOPMENT.

-- WE WILL EXPAND OUR BILATERAL ASSISTANCE PROGRAMS IN
THE AREA OF INDUSTRIAL TECHNOLOGY.

-- WE WILL WORK WITH OTHERS IN THIS ORGANIZATION IN

PREPARING GUIDELINES FOR THE TRANSFER OF TECHNOLOGY AND

IN THE PLANNING OF A CONFERENCE ON SCIENCE AND TECHNOLOGY

FOR DEVELOPMENT.

23. ACCESS TO CAPITAL MARKETS, AND SPECIAL PROGRAMS TO

TRANSFER NEW TECHNOLOGY, ARE BUT TWO SOURCES OF GROWTH

INVESTMENT. THERE IS A THIRD, ALREADY IN EXISTENCE, WHICH
MAY YET PROVE TO BE ONE OF THE MOST EFFECTIVE ENGINES

OF DEVELOPMENT -- THE TRANSNATIONAL ENTERPRISE.

24. THESE INSTITUTIONS HAVE BEEN POWERFUL INSTRUMENTS OF

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MODERNIZATION BOTH IN THE INDUSTRIAL NATIONS -- WHERE THEY

CONDUCT MOST OF THEIR OPERATION -- AND IN THE DEVELOPING

COUNTRIES, WHERE THERE IS OFTEN NO SUBSTITUTE FOR THEIR

ABILITY TO MARSHALL CAPITAL, MANAGMENT, SKILLS, TECHNOLOGY,

AND INITIATIVE. THUS THE CONTROVERSY OVER THEIR ROLE AND

CONDUCT IS ITSELF AN OBSTACLE TO ECONOMIC DEVELOPMENT.

25. IT IS TIME FOR THE WORLD COMMUNITY TO DEAL WITH THE

PROBLEMS, REAL AND PERCIEVED, THAT HAVE ARISEN. IF THE
NATIONS ASSEMBLED HERE CANNOT REACH CONSENSUS ON THE PROPER
ROLE OF THESE ENTERPRISES, THE WORLD ECONOMY WILL LOSE A
VALUABLE ASSET -- BUT THE INDUSTRIAL COUNTRIES WILL SUFFER
LEAST. LET US MAKE THIS ISSUE A TEST OF OUR CAPACITY TO
ACCOMMODATE MUTUAL CONCERNS IN PRACTICAL AGREEMENT.

26. FOR OUR PART, THE UNITED STATES IN PREPARED TO MEET
FAIR PRINCIPLES, FOR FAILURE TO REFLECT THE INTERESTS OF
ALL PARTIES CONCERNED WOULD EXACERBATE RATHR THAN MODERATE
THE FRICTIONS WHICH HAVE DAMAGED THE ENVIROMENT FOR INTER-
NATIONAL INVESTMENT.

28. SPECIFICALLY, THE UNITED STATES BELIEVES THAT:

-- TRANSNATIONAL ENTERPRISES MUST BE CALLED UPON TO

OBEY LOCAL LAW AND REFRAIN FROM INTERVENING IN THE DOMESTIC
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AFFAIRS OF THE HOST STATE. THEIR ACTIVITIES SHOULD TAKE
ACCOUNT OF NATIONAL DEVELOPMENT PRIORITIES, THEY SHOULD
RESPECT LOCAL CULTURE AND SHOULD EMPLOY QUALIFIED LOCAL
PERSONNEL, OR QUALIFY LOCAL PEOPLE THROUGH TRAINING.

-- HOST COUNTRIES IN TURN SHOULD TREAT TRANSNATIONAL
ENTERPRISES EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM,
AND IN ACCORDANCE WITH INTERNATIONAL LAW. HOST GOVERNMENTS.
AND ENTERPRISES EQUALLY SHOULD OBSERVE CONTRACTS INTO WHICH
THEY FREELY ENTER. HOST GOVERNMENTS SHOULD MAKE EXPLICIT
THEIR DEVELOPMENT PRIORITIES AND THE STANDARDS WHICH TRANS-

NATIONAL ENTERPRISES ARE EXPECTED TO MEET, AND MAINTAIN

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C O N F I D E N T I A L SECTION 4 OF 4 SECTO 10210

NODIS

HANDLE AS EXDIS

DELIVER AT THE OPENING OF BUSINESS

FOR ENDERS (EB) AND LEWIS (SP) FROM LORD

PLEASE PASS TO MOYNIHAN FOR HIS REVIEW

THEM WITH REASONABLE CONSISTENCY.

-- PRINCIPLES ESTABLISHED FOR TRANSNATIONAL ENTER-

PRISES SHOULD, WITH SPECIFICALLY LIMITED EXCEPTIONS, APPLY

EQUALLY TO DOMESTIC ENTERPRISES SIMILARLY SITUATED.

STANDARDS SHOULD BE ADDRESSED NOT ONLY TO PRIVATELY - OWNED

CORPORATIONS, BUT ALSO TO STATE-OWNED AND MIXED TRANSNATIONAL

ENTREPRISES, WHICH ARE INCREASINGLY IMPORTANT IN THE WORLD

ECONOMY.

29. A STATEMENT OF PRINCIPLES IS NOT THE ONLY OR NECESSARILY

SUFFICIENT WAY OF RESOLVING MANY OF THE PROBLEMS AFFECTING

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TRANSNATIONAL ENTERPRISES. WE MUST DEVELOP OTHERS:

-- GOVERNMENTS MUST HARMONIZE THEIR TAX TREATMENT OF
FOREIGN INVESTMENT. WITHOUT COORDINATION, HOST-AND-HOME-
COUNTRY POLICIES MAY SQUEEZE PRODUCTIVE ENTERPRISES OUT OF
OPERATION.

-- FACT-FINDING AND ARBITRAL PROCEDURES MUST BE
PROMOTED AS MEANS FOR SETTTLING INVESTMENT DISPUTES. THE
WORLD BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF
INVESTMENT DISPUTES, AND OTHER THIRD-PARTY FACILITIES,
SHOULD BE SUPPORTED.

-- LAWS AGAINST RESTRICTIVE BUSINESS PRACTICES MUST
BE DEVELOPED, BETTER COORDINATED AMONG COUNTRIES, AND
ENFORCED. THE UNITED STATES HAS LONG BEEN VIGILANT AGAINST
SUCH ABUSES IN TRADE, ERGERS, OR LICENSING OF TECHNOLOGY.
WE STAND BY THE SAME PRINCIPLES INTERNATIONALLY: WE CONDEMN
RESTRICTIVE PRACTICES IN SETTING PRICES OR RESTRAINING
SUPPLIES, WHETHER BY PRIVATE OR STATE-OWNED TRANSNATIONAL
ENTERPRISES OR BY THE COLLUSION OF NATIONAL GOVERNMENTS.

-- INSURANCE PROGRAMS FOR FOREIGN PRIVATE INVESTORS SHOULD
BY MULTILATERALIZED, TO INCLUDE FINANCIAL PARTICIPATION,
HOWEVER MODEST, BY DEVELOPING COUNTRIES, TO REFLECT OUR
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MUTUAL STAKE IN ENCOURAGING FOREIGN INVESTMENT IN THE SERVICE
OF DEVELOPMENT.

-- AND THERE MUST BE MORE EFFECTIVE CONSULTATION AMONG
GOVERNMENTS TO IDENTIFY AND RESOLVE INVESTMENT DISPUTES
BEFORE THEY BECOME IRRITANTS IN POLITICAL RELATIONS.

30. THE UNITED STATES BELIEVES THAT JUST SOLUTIONS ARE
ACHIEVABLE -- AND NECESSARY. IF THE WORLD COMMUNITY IS
COMMITTED TO ECONOMIC DEVELOPMENT, IT CANNOT AFFORD TO
TREAT TRANSNATIONAL ENTERPRISES AS OBJECTS OF ECONOMIC
WARFARE. WE ARE PREPARED TO SEE OUR OWN ENTERPRISES
ABIDE BY FAIR AND AGREED INTERNATIONAL STANDARDS. THE
CAPACITY OF THE INTERNATIONAL COMMUNITY TO DEAL WITH THIS
ISSUE CONSTRUCTIVELY WILL BE AN IMPORTANT TEST OF WHETHER
THE SEARCH FOR SOLUTIONS OR THE CLASH OF IDEOLOGIES
WILL DOMINATE OUR ECONOMIC FUTURE. THE IMPLICATIONS FOR
ECONOMIC DEVELOPMENT ARE PROFOUND.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, CAT-A
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SECTO10210
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P850011-1809, N750003-0613
From: SECRETARY JERUSALEM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975082/aaaaaxf.tel
Line Count: 797
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NODS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 15
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by ShawDG>; APPROVED <24 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNGA SPEECH
TAGS: OVIP, US, UNGA, SECRETARY, (KISSINGER, HENRY A)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006